



State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

MARY ANN WRIGHT
Acting Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

February 17, 2005

CERTIFIED RETURN RECEIPT
7099 3400 0016 8896 1546

Mrs. Karen Palmer
Diamond K Gypsum
1720 South Red Hills Drive
Richfield, Utah 84701-7003

Subject: Cancellation of Reclamation Surety; Diamond K Gypsum, Inc.; DKG Quarry;
M/015/041, Emery County, Utah

Dear Mrs. Palmer:

On February 15, 2005, the Division of Oil, Gas and Mining received notification from Zions Bank that they have elected not to renew Standby Letter of Credit SB-509779 and that it will expire June 20, 2005.

The Utah Mined Land Reclamation Act requires an adequate surety be maintained for all large mining operations until the mine site is successfully reclaimed, allowing bond release. You are hereby advised that we must receive a replacement form of surety within 60 days or prior to April 15, 2005, or we will be forced to start surety forfeiture proceedings. We understand that you are working to secure a letter of credit from another bank; please provide it before April 15. A new reclamation contract will be required with the new surety.

Please contact me at (801) 538-5325 or Joelle Burns at 538-5291 to discuss this situation further and to let us know if your intentions change. Thank you for your consideration and prompt attention to this important permitting requirement.

Sincerely,

Daron R. Haddock
Permit Supervisor
Minerals Regulatory Program

DRH:PBB:jb

cc: Fred O'Ferrall, Price BLM
Steve Alder, AAG's Office
Mark Mesch, DOGM

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